

Report of the Strategic Director Corporate Resources to the meeting of the Corporate Overview & Scrutiny Committee to be held on 14 February 2019

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Subject:

UNIVERSAL CREDIT

Summary statement:

From 20 June 2018, working-age households, with up to two children, across the Bradford District became eligible to claim Universal Credit. This report examines the progress of, and future plans for, the roll out of Universal Credit, its impact, and the arrangements in place to support claimants

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Overview & Scrutiny Area:

Corporate

1. SUMMARY

- 1.1. From 20 June 2018, working-age households, with up to two children, across the Bradford District became eligible to claim Universal Credit. This report examines the progress of, and future plans for, the roll out of Universal Credit, its impact, and the arrangements in place to support claimants.

2. BACKGROUND

- 2.1. Universal Credit for working age claimants replaces six benefits and tax credits with a single monthly payment; and changes the way in which benefit claimants are assessed. The benefits and tax credits that fall within the scope of Universal Credit, often referred to as “legacy benefits” are;
 - Income-based Jobseekers Allowance
 - Income-based Employment and Support Allowance
 - Income Support
 - Working Tax Credit
 - Child Tax Credit
 - Housing Benefit
- 2.2. Pension age claimants will not fall within the scope of Universal Credit. The Government has said that Housing Benefit for pension age claimants will transfer to Pension Credit: and that the transfer will align with the full implementation of Universal Credit currently planned for 2023.
- 2.3. Universal Credit was first introduced across the Bradford District in November 2015. Only a limited number of people fell within its scope – single, newly unemployed working-age residents. The consequent cultural, organisational and logistical challenges and concerns faced by residents, the Council and others by Universal Credit were highlighted in a report on 8 September 2015.
- 2.4. Further reports to this committee (1 December 2016 and 25 January 2018) set out the progress of Universal Credit; highlighting the challenges for residents, the Council and others; and detailed the establishment and work of a delivery partnership to prepare and support residents and others for Universal Credit.
- 2.5. On 20 June 2018 the scope of Universal Credit was increased – now fully digital and known as Full Service – to include working-age households with up to two children: larger working-age households fall within the scope of Universal Credit from 1 February 2019.
- 2.6. As at December 2018, there were 14,714 Universal Credit claimants across the Bradford District; 3,851 of whom were in work, and 10,863 who were not. It should be noted that of those not in work, 2,376 do not have to look for work; for example because they have a young child.
- 2.7. The Government has introduced, and announced plans for, a number of changes to Universal Credit and its implementation since the last report to this committee. A summary of the key changes are provided in Appendix 1.

3. OTHER CONSIDERATIONS

Roll-Out of Universal Credit

- 3.1. Many current housing benefit claimants will, over time, have a change in their circumstances and will be required to claim Universal Credit – a process known as natural migration. Since Full Service was introduced, 1,862 Housing Benefit cases have migrated to Universal Credit (Table 1, Appendix 2). The combination of natural migration and fewer new claims has reduced the Housing Benefit caseload by around 3,500. Current estimates are that the Housing Benefit caseload will reduce by a further 4,000 to 5,000 by the end of 2019.
- 3.2. The only working-age claimants that will not move to Universal Credit through natural migration are;
 - Claimants in receipt of the Severe Disability Premium – around 3,000 cases. This cohort will be migrated at a later date, through the Managed Migration process (3.3)
 - Claimants in long-term supported and sheltered accommodation or short-term and transitional supported accommodation (a caseload of around 1,200 claimants) will claim Housing Benefit for the foreseeable future. DWP's proposals for a set of new arrangements (set out in the January 2018 report) have been withdrawn. DWP said future arrangements are under consideration.
- 3.3. At a time still to be determined, the DWP will move any remaining Housing Benefit claimants to Universal Credit – a process known as Managed Migration. DWP's current expectations are that this will start, nationally, from November 2020 (and be completed by the end of 2023). Details of how Managed Migration will work in practice, and when it will be introduced in each Local Authority area, will be informed by the outcome of a national pilot of 10,000 claimants starting in July 2019.
- 3.4. Claimants transferring to Universal Credit through Managed Migration will be protected so that they are no worse off than under their legacy benefits – subject to any benefit cap that may apply. However, this protection will not apply to those whose circumstances change and they have to claim Universal Credit.
- 3.5. Currently, there are around 750 households that have a benefit cap applied to their Housing Benefit. Of these, around 90 households could be capped more under Universal Credit. It is not possible to determine, at this stage, how many of these will move to Universal Credit through natural migration and how many will move through Managed Migration.

Impact on Universal Credit Claimants

Household Finances

- 3.6. The time taken between making a claim for Universal Credit and receiving payment has meant that some households have struggled to manage their finances during this period; more likely to be the case for those used to weekly or two-weekly pay. To compound the difficulties, according to the National Audit Office (March 2018), the DWP failed to pay 21% of claimants their full entitlement

on time, and around 13% did not receive any payment on time.

- 3.7. The Government introduced changes to Universal Credit during 2018 to mitigate, in part at least, the financial difficulties faced by claimants awaiting their first Universal Credit payment;
- The seven day waiting period was removed, meaning claimants generally have to wait five weeks for payment rather than six
 - From January 2018, the amount of an advance payment of Universal Credit increased to 100% of estimated entitlement and the period over which it can be paid back increased to 12 months
- 3.8. Locally, Jobcentre Plus says it ensures that all claimants are made aware of the availability of advances; and is working with claimants to ensure that delays in completing the application process are minimised. Since Full Service was introduced, more than 80% of claimants received their full payment on time.
- 3.9. There is some flexibility within the Universal Credit system to help vulnerable claimants better manage their finances. Claimants can have their payments split within the household, have their housing costs paid directly to their landlord, and, once in payment, they can ask to be paid fortnightly.
- 3.10. The Government also announced that it will increase the work allowance by £1000 from April 2019. The work allowance is the amount a claimant can earn before it affects their Universal Credit payment. For every £1 earned above the work allowance threshold, the Universal Credit payment reduces by 63p. Up to 7,500 working households (7,300 of which contain children) could benefit from this change. The amount they will benefit by will depend on the claimants' circumstances - some may not benefit because they don't reach the earnings threshold, others could gain by up to £630 per year.

Rent Arrears

- 3.11. Rent arrears, amongst those in receipt of Housing Benefit, is not a new phenomenon. Housing Benefit is paid in arrears, creating a 'technical debt' of up to four weeks. Moving to Universal Credit, which is paid monthly, will increase this 'technical debt' to some degree. In addition, tenants can accrue arrears in cases where their rent is greater than the amount of Housing Benefit payable and they fail to make up that difference.
- 3.12. The risk of increased rent arrears has been one of the main criticisms of Universal Credit. The reasons for this are complex, but many relate directly to the time it takes for a claimant to receive their first Universal Credit payment and the carrying over pre-existing debt, such as;
- Claimants may not have the financial resilience necessary to pay their rent while waiting five weeks for their first payment; or longer if payment is delayed
 - If the claimant receives only a partial payment, money may be spent on other essentials such as food and heating
 - Claimants may use their Universal Credit payment to service (other) existing debts
 - Claimants may not seek an advance payment; or it is insufficient to meet their needs – advances were limited to 50% of entitlement before January 2018

- 3.13. Nationally, many landlords, particularly private rented sector Landlords¹, have been vocal about tenants claiming Universal Credit accruing much greater arrears than tenants in receipt of legacy benefits; and the impact of this on Landlords. In mitigation, the DWP have introduced changes to help those with a rental liability;
- People in receipt of Housing Benefit who move to Universal Credit continue to receive Housing Benefit for the first 2 weeks of their Universal Credit claim
 - 18 - 21 year olds will be entitled to housing support in Universal Credit; reversing a previous decision
- 3.14. Incommunities have undertaken an analysis of the arrears of tenants in receipt of Universal Credit; a summary of which is provided in Appendix 3. Their analysis shows that 63% of customers now have a worse rent balance than at the time of their Universal Credit application. They conclude that customers already in arrears are going further into debt initially and then this reduces over time, whilst those previously in credit are seeing their credit balance erode.
- 3.15. It is too early to understand what the impact that these changes have had on the number of claimants getting into arrears or the level of those arrears; or how landlords will respond. Universal Credit is still in its early stages.

Support for Claimants

Personal Budgeting Support and Assisted Digital Support

- 3.16. The Council is required, through the partnership delivery agreement with DWP, to ensure that budgeting and digital support is available to claimants. The purpose is, ultimately, to help people to manage on their own without the need for on-going support:
- Personal Budgeting Support is available to help claimants to adapt to 3 key changes; a single household payment; being paid monthly; and having rent paid directly to the claimant instead of to the Landlord
 - Assisted Digital Support is available to help residents make a claim and to manage and maintain their claim online (all Universal Credit applications and transactions are completed online). Support is available on request; a referral is not needed
- 3.17. Since April 2016, budgeting and digital support has been provided by the Council and Incommunities. Delivery arrangements have evolved to reflect the importance of picking up those that need support at the earliest opportunity. Advisers are now located in each of the three job centres in the district; one from Incommunities and two from the Council. There have been 509 referrals for personal budgeting support (Table 2, Appendix 2) between June and November; 330 (65%) of which were taken up.
- 3.18. Table 2 in Appendix 2 also shows that the number of referrals for personal budgeting support, and take-up, has increased significantly, but is still much lower than forecast by the DWP. Anecdotally, one of the main reasons that claimants do

¹ House of Commons CDP-2018-0221: October 2018

not take up budgeting support is that in order to get a Universal Credit advance payment, claimants must be referred for budgeting support (whether it is needed or not); but there is no requirement for them to take up the support.

- 3.19. In contrast, the number of claimants receiving digital support is much greater than that forecast by the DWP. By the end of November, 1,079 claimants received digital support compared to the DWP's forecast of 705 by the end of December. An agreement has been reached with Bradford College that allows the Council to refer those that require more intensive support to them from November 2018. This additional support is at no cost to the claimant. An additional benefit of this arrangement is that this training also increases job skills.
- 3.20. The Government has entered into an agreement with Citizens Advice to provide Personal Budgeting Support and Assisted Digital Support from April 2019 – to be known as Universal Support. The intention is that this new arrangement will provide more streamlined and consistent support nationally. The current Delivery Partnership Agreement between the Council and the Government will, therefore, cease at the end of March 2019. However, the work of the Universal Credit delivery partnership will continue, in some form, while it remains beneficial to do so.
- 3.21. The need for improved arrangements is supported by findings from working with providers delivering Personal Budgeting Support locally. It was found that the referral process was overly complex and, more importantly, a large proportion of this cohort require debt advice as much as they need budgeting skills – something Personal Budgeting Support was not established to deliver. This disconnect in provision was fed back to the DWP.

Council Tax Reduction

- 3.22. As discussed in previous reports, the introduction of Universal Credit has an adverse impact on the administration of the Council Tax Reduction scheme, for both the Council and for claimants. There is the additional burden for the Council of processing monthly notifications, and some claimants may not make a claim for help with their council tax. Changes were incorporated into the scheme for 2018/19 to mitigate this.
- 3.23. One of the changes allows the Council to treat a Universal Credit notification from the DWP as a claim for Council Tax Reduction. This means that the claimant is assessed for CTR without having to apply directly or provide separate evidence of income: this reduces the time it takes for the claimant to have a revised bill sent to them, changes in income are processed automatically, and helps to maximise the uptake of the scheme.

Discretionary Housing Payment

- 3.24. In general terms the policy aims in regard to awarding a DHP haven't changed with the introduction of Universal Credit. The prioritisation of families with children and the linking of an award to the need to actively seek employment or take up skills training remain.
- 3.25. Universal Credit has necessitated changes to the way applications are processed. Delays in payment have meant some applicants have found arrears accumulating

with longer periods without payment. This has required a degree of flexibility both in value of awards and the periods of awards. So far (to end December 2018) there have been 585 applications for support from Universal Credit claimants (18% of DHP applications).

Fuel Payments Scheme

- 3.26. The Fuel Payments Scheme provides financial assistance in the form of Fuel Top Ups for those people who have a fuel meter up to a maximum of £80 per year, one off contributions of up to £300 towards fuel arrears for those with a large bill, and payment of the Debt Relief Order administration fee for suitable cases. This scheme is run in conjunction with debt advice and applications are received through the participating debt advice agencies.

Assisted Purchase Scheme

- 3.27. The Assisted Purchase Scheme provides an interest free loan (238 so far this year) to help applicants obtain essential furniture or white goods, both new and pre used. The amount loaned is based on the applicant's ability to make repayments which are of a nominal weekly or monthly amount. Participating partners include Newlands, British Heart Foundation and CHAS.

Foodbanks

- 3.28. There has been a reported increase in the use of foodbanks locally and nationally; although the increase is not entirely due to Universal Credit. A report by the Trussell Trust found that foodbank use increased by 30% in the six months after Universal Credit full service rolled out in an area, compared with 12% in non-Universal Credit areas.
- 3.29. Comparative data for the Bradford District is limited. A survey of food providers by Feeding Bradford, in March 2018, found that of the 43 providers that responded, 19 reported an overall increase in demand with only 1 reporting a decrease: this is before full service was introduced in June 2018. The Bradford Metropolitan Foodbank estimates that it will have given out 13,000 food bags in 2018, an increase of around 1,800 over the previous year.

Other Matters

Communications

- 3.30. Information for new or potential Universal Credit claimants, including what they need to do to prepare, is provided on the Council website. This includes a link to a tool on the DWP website that claimants can use to test their readiness and see what steps they might need to take. The test can be found at;
<https://www.bradford.gov.uk/benefits/universal-credit/universal-credit/>
- 3.31. Information has also been provided, at several landlord seminars and on the Council website, directed at both private and social sector landlords informing them of how Universal Credit may impact on their tenants – this has also been promoted by targeted Stay Connected bulletins for landlords and lettings agents.
- 3.32. To support our residents, it is vital that staff and Members have a good understanding of Universal Credit. Some Council employees will also be required

to claim Universal Credit themselves, so it is equally important that they understand how Universal Credit will affect them. An e-learning training package has been developed which provides an overview of Universal Credit. To date 627 Members and Council Officers have completed the training. The training has also been made available to Public Health and Manningham Housing Association.

4. FINANCIAL & RESOURCE APPRAISAL

- 4.1. Current projections are that the working-age Housing Benefit caseload will reduce by a further 4,000 to 5,000 cases and will continue to reduce so that by the end of 2023, at the latest, there will be no working-age claimants (with the possible exception of those in temporary and supported accommodation). Housing Benefit administration funding will, therefore, also reduce. This may be off-set to some extent by an increase in administration funding for increases in workload created by Universal Credit. The full implications for staffing are not yet known; as these become clearer and better understood, consultation will take place with trade unions and affected staff.
- 4.2. The collection of Council Tax and Housing Benefit overpayment debt from Universal Credit claimants has always been problematic; and the rate of recovery constrained by the limit on the deductions that can be made. From October 2019, the maximum rate of deduction from Universal Credit standard allowance is to be reduced from 40% to 30%. This means that it will take longer to recover debt through an attachment, and may increase the likelihood that an attachment cannot be made because of existing deductions for other priority debts.
- 4.3. Claimants that move to Universal Credit through Managed Migration will receive Transitional Protection so that they are no worse off than before they migrated – subject to any Benefit Cap that may apply. However, new claimants and those that migrate through natural migration do not receive any protection. Some estimates suggest that (nationally) up to 39% of claimants could be worse off under Universal Credit than they would be if they received legacy benefits. Reductions in income, particularly in low-income households, could adversely impact on the level and extent of poverty in the District.
- 4.4. Personal Budgeting Support, together with an increase in the amount of Universal Credit advance (which has to be repaid) that can be awarded were introduced to help claimants adapt to a single, monthly, payment and to ease financial pressure. However, for those that do not receive their first Universal Credit payment on time, or only a partial payment, budgeting becomes increasingly difficult. Any increase in debt or rent arrears is likely to increase demand for support from debt advice services; and from other support services across the district. The impact of Universal Credit on the demand for debt advice will be used to inform the commissioning of Advice service provision, which is currently out to consultation.
- 4.5. The behaviour of landlords in response to the introduction of Universal Credit, and the possible increase in short-term rent arrears, will be crucial. An adverse reaction could impact on the availability of private rented accommodation, and the number of households under the threat of eviction is also likely increase. This would lead to an increase in demand for support from Housing and Homelessness services, and

from other support services in the council and in the public and community and voluntary sectors.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1. The Council and its partners, through the Universal Credit delivery partnership, are working closely with Citizens Advice locally to ensure a smooth transition of arrangements for the delivery of Universal Credit Support from April 2019, so that; there is no gap in support; the lessons learnt from current support provision are understood and used to inform future arrangements; support will be at least to the standard currently being delivered; and that any opportunities afforded by the new arrangements are maximised.
- 5.2. A basic analysis of the financial impact on low income households of welfare reforms more broadly, and other economic factors, has been undertaken. The analysis includes an examination of the impact on poverty levels, including child poverty and relative poverty, and on the financial resilience of low-income households. The results of the analysis are used to inform decisions that support improved coordination and targeting of support to vulnerable households.

6. LEGAL APPRAISAL

- 6.1. The primary legislation enabling the introduction of Universal Credit is contained in the Welfare Reform Act 2012.
- 6.2. There is no statutory requirement for the Council to participate in the development and delivery of support arrangements for residents affected by the introduction of Universal Credit.
- 6.3. Section 17 of the Children's Act 1989 places a duty on Local Authorities to safeguard and promote the welfare of children in need. Those unable to move into work may not be able to mitigate the impact of the welfare reforms that reduce entitlement to benefits. This could increase demand for support from Council services and other providers.
- 6.4. The Council can provide financial support for certain housing costs. The legislation enabling the payment of Discretionary Housing Payments by the Council is contained in the Discretionary Financial Assistance Regulations 2001.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

There are no Equality and Diversity issues for the Council arising from the introduction of Universal Credit as this is a Government scheme.

7.2 SUSTAINABILITY IMPLICATIONS

None

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

None

7.4 COMMUNITY SAFETY IMPLICATIONS

None

7.5 HUMAN RIGHTS ACT

There are no Human Rights issues for the Council arising from the introduction of Universal Credit as this is a Government scheme.

7.6 TRADE UNION

The trade unions have been kept up to date, through Departmental Consultation meetings, on the proposals for the implementation of Universal Credit. The Revenues and Benefits Service may be required to review its organisation design in Benefits administration. This process will comply with Bradford Council's policies and procedures on Trade Union consultation and workforce change.

7.7 WARD IMPLICATIONS

None

**7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS
(for reports to Area Committees only)**

N/A

7.9 IMPLICATIONS FOR CORPORATE PARENTING

None

7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

N/A

8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

N/A

10. RECOMMENDATIONS

That Corporate Overview and Scrutiny Committee;

- note progress made in the development of arrangements to support residents, and in responding to adverse impacts on Council service delivery
- consider the issues raised in this report, the likely impacts on the district's residents, the Council, and other providers and agencies and provide any comments and views for consideration by the local delivery partnership

11. APPENDICES

- Appendix 1: Universal Credit System and Schedule Changes
- Appendix 2: Take-up of budgeting and digital support
- Appendix 3: Impact of Universal Credit on Incommunities Tenants

12. BACKGROUND DOCUMENTS

- CO&SC Report, 1 December 2016
- CO&SC Report, 25 January 2018
- Trussell Trust, Left Behind: is Universal Credit truly universal?, April 2018
- National Audit Office Report: Rolling Out Universal Credit. 15 June 2018
- House of Commons Debate Pack. Number CDP-2018-0221. 16 October 2018
- Budget 2018, HM Treasury. HC 1629. 29 October 2018
- Policy in Practice, Autumn 2018 Budget: What is the Impact of the changes to universal credit on low income households? November 2018

Universal Credit System and Schedule Changes

Key Announcements

The DWP has withdrawn its proposal for long-term supported and sheltered accommodation housing costs to be met through Universal Credit; and for short-term and supported accommodation housing costs to be met through a new ring-fenced grant.

The Managed Migration of legacy benefit claimants has been delayed and will now start, nationally, from November 2020. Prior to this, the DWP will run a Managed Migration pilot of 10,000 claimants to inform the national roll-out. Bradford is not a pilot authority area.

The Government has cancelled the planned introduction of a limit on Universal Credit payment to two children regardless of when the children were born. This limit would have applied to families making a new claim from February 2019; coinciding with the opening up of Universal Credit to families with three or more children. The existing two child limit (which applies, with some exceptions, only to a third or subsequent child born after 1 April 2017) will remain in effect for all Universal Credit claimants.

Changes Implemented in 2018

	Change	Previous Position
Jan-18	The amount of an advance payment increased to 100% of estimated entitlement and the period over which it is paid back increased to 12 months.	The maximum advance payment was 50% of estimated entitlement. The maximum period over which it was repaid was 6 months
Feb-18	The seven day waiting period was removed. Claimants generally have to wait 5 weeks for payment rather than 6.	The claim previously would have started seven days after the date of application – the waiting period.
Apr-18	People in receipt of Housing Benefit who move to Universal Credit continue to receive Housing Benefit for the first 2 weeks of their Universal Credit claim. This does not have to be repaid.	Housing benefit stopped immediately when a claimant moved onto Universal Credit
Apr-18	Claimants in privately rented accommodation who have their Housing Benefit paid directly to their landlord have this option at the beginning of their claim for Universal Credit	This option did not exist
Dec-18	18 - 21 year olds will be entitled to housing support.	Unless covered by one of a number of exceptions, 18 - 21 year olds were not entitled to housing support in Universal Credit
Dec-18	Claimants can now receive an additional child element for any child or qualifying young person cared for under a non-parental caring arrangement (kinship care) or who is adopted from local authority care.	The child element is limited to the first two children – subject to certain exemptions (multiple birth or non-consensual conception).

Changes Announced for Implementation from 2019

	Change	Current Position
Jan-19	People who receive the Severe Disability Premium will only move to Universal Credit when they can receive Transitional Protection, even if they have a change in circumstance. Transitional Protection only applies under Managed Migration.	Claimants who receive a Severe Disability Premium and have a relevant change of circumstances claim Universal Credit. As there is no equivalent to Severe Disability Premium they could be significantly worse off.
Feb-19	Families with 3 or more children will be able to claim Universal Credit.	Families with more than two children cannot claim Universal Credit (unless an exception applies).
Apr-19	Work Allowances, the amount that households with children and people with disabilities can earn before their Universal Credit award starts to be withdrawn, is to be increased by £1000.00, a potential benefit of £630.00 income per annum.	Work allowances are £198.00 per month for those who have Housing Costs in their award. In cases where the award does not include Housing Costs, the allowance is 409 per month.
May 19	From 15 May 2019, mixed age couples, where one is of working age and the other of pension age, making a new claim will have to claim Universal Credit	Mixed age couples can presently choose to claim Pension Credits or Universal Credit.
Jul-19	A 12 month grace period will be applied, from the start of their Universal Credit claim, before any Minimum Income Floor is considered.	Claimants, self employed for more than 12 months (including before moving into Universal Credit), have their payment calculated based on a minimum expected earnings given their circumstances – the Minimum Income Floor – or their actual earnings, whichever is greater.
Jul-19	Tax Credits claimants with capital in excess of Universal Credit's £16,000 capital limit will have transitional protection and Universal Credit eligibility limited to 12 months from the point at which they manage-migrate.	Tax Credit claimants can have more than £16,000 capital. Universal Credit is restricted to those with less than this. Those that move to UC through Managed Migration receive Transitional Protection. Protection is not time limited.
Oct-19	The maximum rate of deduction through an Attachment of benefits is reduced to 30% of the standard allowance award.	The maximum rate of deduction through an Attachment of Benefits is 40% of the standard allowance awarded.
Jul-20	Claimants in receipt of Income Support, Job Seekers Allowance (Income Based) or Employment Support Allowance (Income Based) will receive a 2 week run on of these benefits.	Currently, Income Support, Job Seekers Allowance (Income Based) or Employment Support Allowance (Income Based) stops at the time of a Universal Credit claim.
Nov-20	Managed Migration will start to be introduced nationally. A schedule detailing when, and how, it will be introduced in local authority areas has not yet been published.	Managed migration was planned to start between July 2019 and March 2022, although a detailed timetable was not published.
Oct-21	The period over which a Universal Credit advance can be paid back is to be extended to 16 months.	The period over which a Universal Credit advance can be paid back is 12 months

Housing Benefit claims cancelled due to migration to Universal Credit

	JUNE	JULY	AUG	SEP	OCT	NOV	Dec	Total
HB Cancelled	6	187	373	318	389	370	219	1,862

Table 1**Take-up of budgeting and digital support**

Assisted Digital Support	Q1 2018/19*	Q2 2018/19	Q3 2018/19	Q4 2018/19	Total
DWP Forecast	31	304	370	415	1120
Actual	44	661	583	-	1288
Personal Budgeting Support					
DWP Forecast	51	505	615	690	1861
Referrals	5	176	328	-	509
Attendance	5	144	181	-	330

Table 2

* Full Service started 20 July

Impact of Universal Credit on Incommunities Tenants

Incommunities have undertaken an analysis of 1,296 of their tenants to examine the impact Universal Credit has had on rent arrears.

The table below shows the starting position at the time a customer makes acclaim for UC. 76% of the group had pre-existing debt with an average balance at Universal Credit application of £779.

BALANCE STATUS	No.	TOTAL BALANCE @ APPLICATION	AVERAGE BALANCE @ APPLICATION	% of claimants
IN ARREARS WHEN APPLIED	984	£766,467	£779	76%
IN CREDIT WHEN APPLIED	312	-£25,852	-£83	24%
TOTAL/ AVERAGE	1,296	£740,615	£571	100%

Analysis shows that 63% of customers now have a worse rent balance than at the time of their Universal Credit application.

Account status at time of UC application	No change	Worse position	Better position	Total
ARREARS	14	609	361	984
CREDIT	24	203	85	312
Grand Total	38	812	446	1296

The tables below show the balance of customers at each month anniversary of their Universal Credit claim.

CATEGORY	MONTH 1	MONTH 2	MONTH 3	MONTH 4
TENANCIES INCREASING DEBT BALANCE FROM PREVIOUS PERIOD				
COUNT	540	300	176	50
TOTAL BALANCE INCREASE	£165,065	£73,843	£38,479	£10,368
AVERAGE BALANCE INCREASE	£305.68	£246.14	£218.63	£207.36
TENANCIES DECREASING BALANCE FROM PREVIOUS PERIOD				
COUNT	425	348	182	56
TOTAL BALANCE DECREASE	-£88,523	-£53,495	-£39,293	-£4,510
AVERAGE BALANCE DECREASE	-£208.29	-£153.72	-£215.90	-£80.53

Analysis shows that customers already in arrears are going further into debt initially and then this reduces over time, whilst those previously in credit are seeing their credit balance erode. It is too early to predict what will happen to customers previously in credit, and what will happen as their credit balance erodes.

This analysis confirms initial modelling which shows that short-term collection rates will decrease but this will recover with a higher level of base customer debt.